

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7402

BILL NUMBER: HB 1348

NOTE PREPARED: Apr 9, 2007

BILL AMENDED: Mar 29, 2007

SUBJECT: Umbilical Cord Blood Bank.

FIRST AUTHOR: Rep. Welch

FIRST SPONSOR: Sen. C. Lawson

BILL STATUS: As Passed Senate

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
☒ **FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill requires the Office of Medicaid Policy and Planning (OMPP) to apply to the federal government for authorization to reimburse a health care provider under Medicaid for the collection of cord blood from a pregnant Medicaid recipient upon the birth of a newborn. The bill specifies that the reimbursement must be paid from appropriations made to the Office of the Secretary of Family and Social Services or private funds.

The bill requires the State Department of Health and the Office of the Secretary to orally report to the Health Finance Commission before November 1, 2007, on the progress in developing a program for the statewide collection of cord blood.

Effective Date: (Amended) Upon Passage.

Explanation of State Expenditures: (Revised) The bill requires OMPP to apply to the Centers for Medicare and Medicaid Services (CMS) for any state plan amendment or waiver application that may be necessary to authorize Medicaid reimbursement for the collection of cord blood. Medicaid currently has a \$55 charge for medically necessary aspiration of cord blood. The bill does not specify the population that the waiver is to apply. The total Medicaid population of maternity cases is approximately 40,000 per year. If the waiver applies to the total maternity population, the total cost of the waiver would be \$2.2 M, or \$836,000 in state General Funds. If the waiver is implemented on a regional or demonstration basis, the cost would be relative to the size of the specified waiver population.

The waiver application process is not without opportunity costs. Waiver applications are generally developed and submitted by the existing staff in OMPP. Applications must be developed and adequately justified. If

CMS has questions or requests additional information, staff must be available to respond within specified time lines or the request is considered expired. If the waivers are subsequently approved, OMPP must implement the services and fulfill the waiver reporting requirements.

This bill also requires the Department of Health and the Office of the Secretary to report to the Health Finance Commission on the progress made in developing a program for the statewide collection of cord blood. This requirement should be accomplished within the existing level of resources available to the Department and to the Office.

Medicaid is a jointly funded state and federal program. Funding for direct services is reimbursed at approximately 62% by the federal government, while the state share is about 38%. Funding for administrative services is typically shared 50/50.

Explanation of State Revenues: (Revised) See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid Program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Department of Health; Office of Medicaid Policy and Planning, Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Office of Medicaid Policy and Planning, Family and Social Services Administration.

Fiscal Analyst: Kathy Norris, 317-234-1360.